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THE OFFICE OF REGULATORY STAFF
DIRECT TESTIMONY AND EXHIBITS
OF
DAWN M. HIPPI



DOCKET NO. 2004-212-S
DEVELOPMENT SERVICE, INC.
APPLICATION FOR RATE INCREASE
TEST YEAR ENDED DECEMBER 31, 2003

TESTIMONY OF DAWN M. HIPP**FOR****THE OFFICE OF REGULATORY STAFF****DOCKET NO. 2004-212-S****IN RE: DEVELOPMENT SERVICE, INC.**

**Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND
OCCUPATION.**

A. My name is Dawn M. Hipp. My business address is 1441 Main Street, Suite 300, Columbia, South Carolina 29201. I am employed by the state of South Carolina as a Project Specialist for Water/Wastewater Department for the Office of Regulatory Staff (ORS).

**Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND
EXPERIENCE.**

A. I am a 1992 graduate of Moorhead State University where I earned a B.S. in political science.

I have over eight years of experience in hazardous waste regulation. From 1996 to 1999, I worked for Laidlaw Environment Services in Saukville, Wisconsin, as an accounts receivable supervisor and then as a facility accounting supervisor for Laidlaw's Government Services Division. In this role, I facilitated electronic

1 commerce including EDI transfer of order and EFT payments with customers. I
2 also developed, implemented, and enhanced government billing and waste
3 tracking systems. From 1999-2003, I worked for Safety-Kleen Corporation and
4 Clean Harbors Environmental Services, Inc. in Columbia, SC as an operations
5 manager in the Government Services Division. In this role, I managed the
6 financial, operations and all regulatory aspects of field offices nationwide serving
7 Department of Defense hazardous waste removal contracts. I was accountable for
8 the viability of 14 government contracts yielding \$12 million in revenue annually.
9 On September 2004, I joined the Office of Regulatory Staff as the Program
10 Specialist for Water and Wastewater Department.

11 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
12 **PROCEEDING?**

13 A. The purpose of my testimony is to set forth the ORS staff's findings and
14 recommendations on the amount of additional operating revenues that would
15 result from the implementation of Development Service, Inc.'s (DSI) proposed
16 schedules of rates and charges. Specifically, I will focus on DSI's accounts
17 receivable practices, business structure, and financial assurance requirements.

18 **Q. ARE THE FINDINGS OF YOUR REVIEW CONTAINED IN THIS**
19 **TESTIMONY AND ACCOMPANYING EXHIBITS?**

20 A. Yes, my testimony and the attached exhibits detail my findings and
21 recommendations.

22 **Q. PLEASE EXPLAIN HOW YOU COMPILED INFORMATION FOR YOUR**
23 **TESTIMONY AND EXHIBITS.**

1 A. I used ORS audit results, information provided by DSI in its Application and
2 information on file with the Public Service Commission. Using this information,
3 I determined the amount of additional operating revenues which will be produced
4 by DSI's proposed rates. I also reviewed audited financial statements and Public
5 Service Commission approved performance bond documents.

6 **Q. PLEASE EXPLAIN EXHIBIT DMH-1 OF YOUR REPORT**

7 A. Exhibit DMH-1, pages 1 through 3, is a summary of the current PSC approved
8 rates for DSI and DSI's proposed rates. In its Application, DSI proposed a phased
9 increase in its monthly sewer rates for all customer classes due to the planned
10 facilities upgrade for Bush River Utilities, Inc. ("Bush River"). However, during
11 the ORS audit, ORS has established that DSI's plant and equipment are not being
12 upgraded at this time.

13 By its Application, DSI also requested to increase its customer tap fees by 300%.
14 However, DSI did not provide cost justification for the proposed increase in tap
15 fees as required by 26 S.C. Code Regs. 103-512.4.A.9(Supp. 2003) and 103-
16 502(11)(1976). From the ORS audit of DSI, the requested increase in tap fees
17 appears to be due to increased plant investment upon upgrade of the Bush River
18 wastewater treatment facility ("WWTF").

19 I find the requested tap fee increase to be unnecessary at this time as the Bush
20 River upgrade is not complete, and final construction costs are not known and
21 measurable.

22 **Q. PLEASE EXPLAIN EXHIBIT DMH-2 OF YOUR REPORT.**

1 A. Exhibit DMH-2, page 1, summarizes DSI's revenues for the test year. I used a
2 bill frequency analysis to review DSI's billing data. The bill frequency analysis
3 utilizes the total number of invoices issued during the test year multiplied by the
4 average billing amount per monthly customer invoice. Bill frequency provides a
5 comparison between what should have been billed and what was actually
6 recorded as revenue. According to the bill frequency analysis, DSI is under-
7 collecting revenues by 2.72%. After reviewing the customer accounts for the test
8 year, I attribute the under collections to the following factors: 1) late fees waived
9 by DSI and 2) past due balances waived or reduced by DSI (Exhibit DMH-3).
10 Waiving of late fees and past due balances does not comply with 26 S.C. Code
11 Regs. 103-503. This regulation provides in subpart (D) that "[e]ach customer
12 within a given classification ... shall be charged the same approved rate ... as
13 every other customer within that classification, unless reasonable justification is
14 shown for the use of a different rate, and a contract or tariff setting for[th] the
15 different rate has been filed and approved by the Commission through the
16 issuance of an order or directive." (Emphasis added.) By waiving past due
17 balances for certain customers, DSI has effectively allowed a different rate to be
18 charged to certain customers than the rates approved by the Commission .In
19 addition, commercial customer accounts were delinquent for up to 6 months with
20 little to no penalty assessed or collected (Exhibit DMH-4). These practices raise
21 serious questions concerning DSI's operations and management. Further, these
22 practices illustrate a failure of DSI to comply with the Commission's regulations.
23 Unfortunately, the failure to comply with the Commission's regulations are not

1 limited to just the practice of effectively charging non-tariffed rates to certain
2 customers, as shown in the testimony of Sharon Scott and Willie Morgan and
3 elsewhere in my testimony.

4 Based on my review, I recommend the development and implementation of a
5 Business Plan for DSI as well as for Bush River and Midlands Utility. This
6 business plan should include: 1) an implementation plan to effectuate the merger
7 of all three entities under one Company in order to provide for cost savings and
8 efficiencies of scale; 2) formulation of a facilities plan to address current and
9 future plant needs; 3) identification of a managerial plan to address information
10 technology upgrades and business practice improvements; 4) development of
11 operations and maintenance procedures to ensure regulatory compliance; and 5)
12 preparation of a financial plan to provide short/long-term budgeting,
13 renewal/replacement schedules, and capital improvements.

14 **Q. PLEASE EXPLAIN EXHIBIT DMH-5 OF YOUR REPORT.**

15 **A.** Exhibit DMH-5, page 1, provides an overview of DSI's bonding structure.
16 Pursuant to 26 S.C. Code Regs. 103-512.3.1, the amount of the bond should be
17 based on twelve months of Operating/Maintenance Expense,
18 General/Administrative Expense, Taxes and Other Income, Income Taxes and
19 Interest (Exhibit DMH-6). Pursuant to S.C. Code Ann. Section 58-5-720 (Supp.
20 2003) and the Commission's regulations, bond amounts range from an amount not
21 less than \$100,000 and not more than \$350,000. In lieu of a commercial bond or
22 the posting of a certificate of deposit, an individual surety may stand the bond
23 upon meeting the requirements, including the financial assurances that the

1 individual's net worth is twice the face amount of the bond, pursuant to 26. S.C.
2 Code Regs. 103-512-3.2.

3 DSI has a current performance bond in the form of an individual surety on file
4 and approved by PSC staff in the amount of \$10,000 (Exhibit DMH-7). Mr.
5 Keith Parnell filed a personal financial statement as surety dated 11/10/04
6 indicating assets and salary totaling of \$234,000. As part of the assets on Mr.
7 Parnell's financial statement, a house in the name of Mary Parnell was listed. Mr.
8 Parnell did not indicate any liabilities or net worth on the filed financial statement.
9 These same assets and salary which are pledged on the bond for DSI are also
10 pledged on the bond's for Mr. Parnell's other companies, Bush River Utilities,
11 Inc. and Midlands Utility, Inc. Upon review and using the criteria set forth in 26
12 S.C. Code Regs. 103-512.3.1, I determined that the face amount of DSI's bond
13 based on the expense from the test year should be \$236,146.00 (Exhibit DMH-5).
14 However, it should be noted that rising operating expenses could cause the face
15 amount of the bond to increase as future bonding amounts will be dependant upon
16 applicable expense levels. It is also my determination that in order for Mr. Parnell
17 to pledge the same assets and salaries on three different bonds, the financial
18 statement on file with the Commission must document sufficient net worth of
19 twice the face value of each bond, or stated another way, the financial statement
20 must show a net worth of twice the aggregate amount of all three bonds.

21 I have determined this individual surety standing on the bond for DSI insufficient
22 to provide adequate financial assurance in compliance with the state statutes and
23 the Commission's regulations for the following reasons: 1) the amount of the

1 individual surety does not comply with the requirement of 26 S.C. Code Regs.
2 103-512.3.1; 2) the individual surety does not accurately depict Mr. Parnell's net
3 worth as required by 26 S.C. Code Regs. 103-512.3.2 and 103-512.3.3; 3) the real
4 estate as indicated on Mr. Parnell's current financial statement is in the name of
5 Mary Parnell and there is no document in the bond file indicating permission to
6 pledge this asset as part of the surety; and 4) this real estate owned by Mary
7 Parnell is included as an asset on the Bush River Utilities, Inc. and Midlands
8 Utility, Inc. surety.

9 **Q. PLEASE EXPLAIN EXHIBIT DMH-8 OF YOUR REPORT.**

10 A. Exhibit DMH-8 page 1 through 2, summarizes the effect of the proposed rates and
11 charges on a DSI customer's monthly sewer bill. I used the proposed rates based
12 on DSI's Phase I rate structure. I did not consider DSI's "After Construction"
13 proposed rates as known and measurable at this time because the construction on
14 the Bush River Utility system has not started and further the increased treatment
15 costs requested by Bush River in its rate case have not been approved. On
16 average, I have calculated that customer rates will increase 28.14% as a result of
17 DSI's Phase I proposed rates.

18 **Q. PLEASE EXPLAIN EXHIBIT DMH-9 OF YOUR REPORT.**

19 A. Exhibit DMH-9 provides a summary of alternate rates produced by a selected
20 range of operating margins. Using ORS' proposed adjustments, DSI currently has
21 a (2.19%) Operating Margin. The range of Operating Margins for Exhibit DMH-
22 9 is 5%, 10% and 20%. The Audit Department calculated the revenue
23 requirement for the alternate operating margins. The Water/Wastewater

1 Department calculated the alternative rates that would produce the revenue
2 requirement.

3 I recommend DSI be allowed to earn a reasonable return using a 14.92%
4 operating margin. Furthermore, should the Commission approve a future rate
5 increase for Bush River Utilities, Inc., I recommend that DSI review the treatment
6 cost impact on operating margin and file an applicable request for rate increase at
7 that time or at the time DSI may be allowed to file for another rate increase by
8 statute.

9 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

10 **A.** Yes it does.

11

DIRECT EXHIBITS

OF

DAWN M. HIPP

**DOCKET NO. 2004-212-S
DEVELOPMENT SERVICE, INC.
APPLICATION FOR RATE INCREASE
TEST YEAR ENDED DECEMBER 31, 2003**

**Schedule of Existing and Proposed
Rates and Charges for
Development Service, Inc.**

	I	II	III
	Existing Rate	Rate During	Rate After
	\$	<u>Construction</u>	<u>Construction</u>
		\$	\$
<u>Schedule of Residential Rates</u>			
Type of Residence			
Single Family	18.00	23.06	26.48
Apartments (Per Unit)	17.10	21.91	25.15
<u>Schedule of Commercial Rates</u>			
Type of Establishment			
Monthly Minimum Charge	18.00	23.06	26.48
Car Washes			
Per Car	2.84	3.64	4.18
Churches	18.00	23.06	26.48
Factories			
Each Employee (no showers)	.84	1.08	1.24
Each Employee (with showers)	1.11	1.42	1.63
Each Employee (with kitchen facilities)	1.39	1.78	2.04
Food Services Operations			
Ordinary Restaurant (not 24 hrs.) (per seat)	2.80	3.59	4.12
24 Hour Restaurant (per seat)	4.19	5.37	6.16
Curb Service (drive-in) (per car space)	2.80	3.59	4.12
Fast-Food Restaurant (per car space)	2.80	3.59	4.12
Vending Machine Restaurant	1.67	2.14	2.46
Institutions			
Per Resident	2.38	3.05	3.50

Development Service, Inc.
Rate Schedule

	I	II	III
	Existing Rate	Rate During	Rate After
	\$	<u>Construction</u>	<u>Construction</u>
		\$	\$
Laundries			
Self Service (per machine)	9.52	12.20	14.00
Mobile Homes			
Per Person	2.38	3.05	3.50
Motels			
Per Unit (no restaurant)	2.38	3.05	3.50
Nursing Homes			
Per Bed (no laundry)	2.38	3.05	3.50
Per Bed (with laundry)	2.80	3.59	4.12
Offices			
Per Person (no restaurant)	.70	.90	1.03
Picnic Parks			
Average Attendance	.84	1.08	1.24
Rest Homes			
Per Bed (no laundry)	2.38	3.05	3.50
Per Bed (with laundry)	2.80	3.59	4.12
Schools			
Per Person (no showers, gym, cafeteria)	.56	.72	.82
Per Person (with cafeteria, no gym, showers)	.70	.90	1.03
Per Person (with cafeteria, gym, showers)	.84	1.08	1.24
Service Stations			
Without Bay	19.66	25.19	28.92
First Bay (per bay)	27.98	35.85	41.16
Each Additional Bay (per bay)	13.99	17.92	20.58

**Development Service, Inc.
Rate Schedule**

	I	II	III
	Existing Rate	Rate During	Rate After
	\$	<u>Construction</u>	<u>Construction</u>
		\$	\$
Shopping Centers			
Per 1,000 Square Ft. Space	5.60	7.17	8.24
Swimming Pools			
Per Person (with sanitary facilities & showers)	.56	.72	.82
Theaters			
Drive-in – Stall	.30	.38	.44
Indoor – Seat	.30	.38	.44

Schedule of Tap Fees

The “Water Pollution Control Division Guidelines for Unit Contributory Loadings of Wastewater Treatment Facilities (1990)” are incorporated herein by reference. To determine tap fees the following formula is used if the customers’ Bio-Chemical Oxygen Demand (BOD) factor is greater than the BOD factor for a resident:

$$\frac{\text{Total Volume (gpd)}}{400 \text{ (gpd)}} \times \frac{\text{Unit BOD of Customer/100gal.}}{0.17 \text{ lbs.}} \times \$1,166$$

If the customer’s BOD factor is less than the BOD factor of an equal volume of residential waste, the following formula should be used:

$$\frac{\text{Total Volume (gpd)}}{400 \text{ (gpd)}} \times \$1,166$$

DEVELOPMENT SERVICE, INC.
 BILL FREQUENCY ANALYSIS
 FOR THE TEST YEAR ENDED DECEMBER 31, 2003

Total billings during test year	1572	Total Monthly Billing Amt	\$21,219.68	Base Charge	\$161.9823	Calculated Revenues	\$254,636.16	Reported Revenues	\$247,883.00	Difference	\$6,753.16	Percent Difference	2.72%
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1 2 3 4 5 6 7									
001	April								
002	The Christie Co	-0-	2450		2450	2A50	4-7-03	CK# 1368	
003	AT&T Bowling	-0-	7400		7400				
004	Briargate Apt	600096	600096		1209193	600096 X3	4-7-03	CK# 8285	031
005	Pro Wash	-0-	15904		15904	15904	4-18-03	CK# 8323	032
006	Dutch Sq. Theaters	CLOSED						CK# 2757	
007	Alltel Mobility	3461	3360		52	6873	4-18-03	CK# 1543	033
008	Dutch Square	-0-	395360		395360	395360	4-25-03	CK# 4912	
009	Dutch Plaza	-0-	117920		117920	117920	4-18-03	CK# 0004	034
010	Dutch Center	-0-	41880		41880	41880	4-11-03	CK# 2299	
011	B.B.T	-0-	1800		1800	1800	4-7-03	CK# 3599	035
012	G.B. Shoes	-0-	1800		1800	1800	4-18-03	CK# 0005	036
013	Monterey Mex. Rest.	-0-	44800		44800	44800	4-18-03	CK# 5286	
014	K-Mart	-0-	47040		47040	47040	4-11-03	CK# 4227	
015	McCarry's	-0-	11200		11200	11200	4-18-03	CK# 1645	
016	Intersection Center	-0-	94059		94059	94059	4-7-03	CK# 1991	
017	H. Robins Vision	-0-	2240		2240	2240	4-7-03	CK# 0524	037
018	Hardees	-0-	25200		25200	25200	4-11-03	CK# 5377	038
019	Western Inn Suites	334027	39746	5010	378783				
020	Fraiser Tire Service	6995	6995	10563	14095				
021	Ft. Jackson Credit Union	-0-	1800		1800	1800	4-11-03	CK# 0473	039
022	Winchona	-0-	1800		1800	1800	4-11-03	CK# 3202	040
023	American Thrift Service (Firststar)	-0-	9793		9793	9793	4-11-03	CK# 3055	041
024	Zion + Co (1140 Briargate Circle)	-0-	1800		1800	1800	4-11-03	CK# 1551	
025	Amco	-0-	7000		7000	7000	4-11-03	CK# 2338	
026	Blockbuster Video	-0-	1800		1800	1800	4-11-03	CK# 5392	042
027	Sherwin Williams (Store # 252)	-0-	1800		1800	1800	4-11-03	CK# 5748	043
028	St. Andrews Evangelical Church	1800	1800		1800	1800	4-11-03	CK# 4743	
029	Village Assoc.	12926	12926	1041	83360				
030	Dutch Cleaners	CLOSED							
031	Bargain Bin	CLOSED							
032	Frank's Car Wash	-0-	56800		56800	56800	4-18-03	CK# 6134	
033	Wendus	-0-	25200		25200	25200	4-11-03	CK# 0508	044

July	1	2	3	4	5	6	7
001 The Christie Co	230	2450			Bill for	Moved 7/15/03	CK# 4846708
002 AMF Bowling	-	74.00			150 days	7-11-03	CK# 8485
003 BriarGate Apts.	-	6000.96			74.00	7-18-03	CK# 2836
004 Pm Wash	-	159.04			6000.96	7-11-03	CK# 1638833
005 Dutch Sq. Cinemas	closed				159.04		CK# 5085
006 Airtel Mobility	-	33.60			33.60	7-18-03	CK# 0005466
007 Dutch Square	-	3953.60			3953.60	7-11-03	CK# 2374
008 Dutch Plaza	-	179.20			179.20	7-18-03	CK# 31076377
009 Dutch Center	-	418.80			418.80	7-18-03	CK# 001315
010 GB+T	-	18.00			18.00	7-11-03	CK# 17031
011 GB Shoes	-	18.00			18.00	7-11-03	CK# 695
012 Monterey Mex. Rest.	-	448.00			448.00	7-11-03	CK# 15282
013 K-Mart	-	470.40			470.40	7-25-03	CK# 440121
014 McCarty's	-	112.00			112.00		
015 Intersection Center	-	940.59			940.59		
016 H. Rubin Vision	-	22.40			22.40		
017 Hardees	-	252.00			252.00		
018 Western Inn + Suites	4195.09	397.46		6294	4656.09		
019 Fraser Tire Ser vice	-	69.95			69.95		
020 Ft. Jackson Credit Union	-	18.00			18.00		
021 Unichorio	-	18.00			18.00		
022 American Tire + Service (Firestone)	-	9793			9793		
023 Zion + Co (1140 BriarGate Circle)	-	18.00			18.00		
024 Aural	-	70.00			70.00		
025 Blockbuster Video	-	18.00			18.00		
026 Sherwin Williams (Store #252)	-	18.00			18.00		
027 St. Andrews Evangelical Church	418.00	18.00			18.00		
028 Village Assoc	98993	129.20			1133.98		
029 Dutch Cleaners	closed						
030 Bargain Bin	closed						
031 Franks Car Wash	-	568.00			568.00		
032 Wendeys	-	252.00			252.00		

	1	2	3	4	5	6	7
Aug							
001	Discrepant The Christa Co	(15 days in July) Moved out		1230	12:30	8-8-03	CK# 1467
002	AMF Bowling	7400		7400	7400	8-8-03	CK# 492826
003	Beargate Apt	600096		600096	600096	8-15-03	CK# 8540
004	Pio Wash	115904		15904	15904	8-15-03	CK# 2863
005	Dutch Sq. Cinemas	CLOSED					
006	Alltel Mobility	3360		3360	3360	8-15-03	CK# 11235
007	Dutch Square	395360		395360	395360	8-15-03	CK# 5141
008	Dutch Plaza	17920		17920	17920	8-15-03	CK# 005802
009	Dutch Center	41820		41820	41820	8-15-03	CK# 2404
010	BB+T	1800		1800	1800	8-8-03	CK# 31105326
011	G.B. Shoes	1800		1800	1800	8-15-03	CK# 001517
012	Monterey Mex. Rest	44800		90272	90272	8-1-03	CK# 53911
013	K Mart	47040		47040	47040	8-15-03	CK# 17289
014	McCarly's	11200		11200	11200	8-1-03	CK# 712
015	Intersection Center	94059		94059	94059	8-8-03	CK# 15351
016	H. Robin Vision	2240		2240	2240	8-8-03	CK# 052403
017	Hardees	25200		25200	25200	8-15-03	CK# 670491
018	Western Inn + Suites	465609		512339	50000	8-15-03	CK# 1901
019	Fraiser Tire Service	6995		14025	6995	8-15-03	CK# 418141
020	Fr. Jackson Credit Union	1800		1800	1800	8-15-03	CK# 048703
021	Wachovia	1800		1800	1800		
022	American Tire + Service (Firestone)	9793		19733	19733	8-8-03	CK# 40106677
023	Zion + Co (1140 Briarcliff Circle)	1800		1800	1800	8-8-03	CK# 1745
024	Amcal	7000		7000	7000	8-25-03	CK# 239783
025	Blackbuster Video	1800		1800	1800	8-15-03	CK# 469551
026	Shenoin Williams (Store #252)	1800		1800	1800	8-15-03	CK# 469551
027	St. Andrews Evangelical Church	<1800>		0	1800	8-8-03	CK# 4973
028	Village Assoc.	113398		128019	128019		
029	Dutch Cleaners	CLOSED					
030	Bargain Bin						
031	Franks Car Wash	56800		56800	56800	8-20-03	CK# 6338
032	Wendys	25200		25200	25200	8-8-03	CK# 053219

Sept '03	1	2	3	4	5	6	7
001 1st Choice Mortgage 50emp x.70=	8115+831=1746	1750			5250	52.50	9/12/03 CK# 31731
002 AMF Bowling	-	74.00			74.00	74.00	9/12/03 CK# 5075115
003 Briargate Apt	-	6000%			6000%	6000.96	9/19/03 CK# 8598
004 Pro Wash	-	159.04			159.04	159.04	9/12/03 CK# 2889
005 Dutch Sq. Cinemas	CLOSED						
006 Airtel Mobility	-	33.60			33.60	33.60	9/12/03 CK# 11235
007 Dutch Square	-	3953.60			3953.60	3953.60	9/19/03 CK# 5197
008 Dutch Plaza	-	1792.0			1792.0	1792.0	9/19/03 CK# 6227
009 Dutch Center	-	418.80			418.80	418.80	9/12/03 CK# 2433
010 BB+T	-	18.00			18.00	18.00	9/12/03 CK# 3134132
011 GB Shoes	-	18.00			18.00	18.00	9/19/03 CK# 001798
012 Monterrey Mex. Rest.	-	448.00			448.00	448.00	9/12/03 CK# 5425
013 K Mart	-	470.40			470.40	470.40	9/12/03 CK# 17467
014 McCary's	-	112.00			112.00	112.00	9/12/03 CK# 732
015 Intersection Center	-	94.09			94.09	94.09	8/29/03 CK# 15544
016 K. R. Vision	-	22.40			22.40	22.40	9/15/03 CK# 053638
017 Hardies	-	252.00			252.00	252.00	9/12/03 CK# 702890
018 Western Inn + Suites	462389	39746	✓ 6935		5090.20		
019 Revisor Tire Service	11.00	69.95	✓ 1106		142.01	71.00	8/29/03 CK# 418141
020 Ft Jackson Credit Union	-	18.00			18.00	18.00	9/19/03 CK# 049104
021 Wachovia	18.00	18.00	✓ 9127		36.27	18.27	9/12/03 CK# 0335197
022 American Tire Service (Firestone)	-	9793			97.93	97.93	9/14/03 CK# 4017744
023 Zim + Co 11400 Briargate Cr.	-	118.00			18.00	18.00	9/14/03 CK# 1798
024 Amcol	-	70.00			70.00	70.00	9/25/03 CK# 24130
025 Blockbuster Video	-	18.00			18.00	18.00	9/12/03 CK# 704328
026 Sherwin Williams (Store #252)	-	18.00			18.00	18.00	9/12/03 CK# 705679
027 St. Andrews Evangelical Church	418.00	118.00			-	18.00	9/12/03 CK# 5007
028 Village Assoc.	1280.19	1292.0	19.20		1428.39	400.00	9/25/03 CK# 1126
029 Ditch Cleaners	CLOSED						
030 Bargain Bmw	CLOSED						
031 Franks Car Wash	-	568.00			568.00	568.00	9/12/03 CK# 6397
032 Wendys	-	252.00			252.00	252.00	9/15/03 CK# 053778

2003	Comm Acct	Reg Bal.	Monthly Charge	1 1/2% Late Fee	End Bal.	Amt	2003 Date	ck#
Oct								
1	DSI 1 1st Choice Mortgage	-0-	3500		3500	3500	10/9	32208
2	2 AMF Bowling	-0-	7400		7400	74.00	10/9	5171907
3	3 Briargate Apt	-0-	6000.96		6000.96	6000.96	10/21	8644
4	4 Prowash	-0-	159.04		159.04			
5	5 Roby Tuesdays (238 seats @ 2.80 each) = 666.40							
6	6 Alltel Mobility	-0-	3360		3360	33.60	10/21	168667
7	7 Dutch Square	-0-	3953.60		3953.60	3953.60	10/9	5239
8	8 Dutch Plaza	-0-	179.20		179.20	179.20	10/21	000638
9	9 Dutch Center	-0-	418.80		418.80	418.80	10/3/03	ck# 2455
10	10 BB+T	-0-	18.00		18.00	18.00	10/9	31164265
11	11 GB Shoes	-0-	18.00		18.00	18.00	10/21	002003
12	12 Monterrey Mex. Rest	-0-	448.00		448.00	448.00	10/31/03	ck# 5452
13	13 K Mart	-0-	470.40		470.40	470.40	10/9	17771
14	14 McCary's	-0-	112.00		112.00	112.00	10/21	753
15	15 Intersection Ctr.	-0-	940.59		940.59	940.59	10/3/03	15674
16	16 H. Rubin Vision	-0-	22.40		22.40	22.40	10/21	053982
17	17 Hardees	-0-	252.00		252.00	252.00	10/9	73871
18	18 Western Inn + Suites	5090.20	397.46	76.35	5564.01			
19	19 Fraiser Tire Service	71.01	69.95	1.07	142.03	142.03	10/21	418141
20	20 Ft. Jackson Credit Union	-0-	18.00		18.00	18.00	10/21	09452
21	21 Wachovia	-0-	18.00		18.00	18.00	10/21	0326793
22	22 American Tire + Service (Firestone)	-0-	97.93		97.93	97.93	10/9	4023597
23	23 Zion + Co (1140 Briargate Cir)	-0-	18.00		18.00	18.00	10/21	1837
24	24 Amcol	-0-	70.00		70.00			
25	25 Blockbuster Video	-0-	18.00		18.00	18.00	10/21	741928
26	26 Sherwin Williams (Store #252)	-0-	18.00		18.00	18.00	10/21	
27	27 St. Andrews Evangelical Church	(18.00)	18.00		-0-	18.00	10/21	5079
28	28 Village Assoc.	1028.59	129.20	15.43	1173.22			
29	29 Dutch Cleaners	CLOSED						
30	* 30 Simply Wood Creations	6000.00 x 5.60 = 33.60			33.60			
31	31 Franks Car Wash	-0-	568.00		568.00	568.00	10/21	6463
32	32 Wendys	-0-	252.00		252.00	252.00	10/9	054413
33	33 Waffle House	-0-	142.46		142.46	142.46	10/9	0044827
34	34 Cda Urban League	CLOSED						
35	35 USPO (Dutch Fork Br.)	49.00	49.00	73.13	98.73	98.73	10/3/03	MD
36	36 Tall Finery	18.00	18.00	27.13	36.27	36.27	10/9	16108
37	37 Taco Bell Corp	-0-	123.20		123.20	123.20	10/21	021665
38	38 NBSC	-0-	18.00		18.00	18.00	10/3/03	4680895575
39	39 Nevin Brosme Superstore	-0-	130.76		130.76	130.76	10/3/03	6749
40	40 Shoney's	476.00	476.00	71.4	959.14	959.14	10/9	6427
41	41 Ser Merch	CLOSED						

2003		1	2	3	4	5	6
Nov		Date					
Comm Acct		CR#					
1	DSI 1 1st Choice Mortgage	-0-	35.00		35.00	35.00	11-7 32764
2	2 AMF Bowling	-0-	74.00		74.00	74.00	11-7 5268783
3	3 Briargate Apt	-0-	6000.96	12/2	6000.96	6000.96	11-14 8693
4	4 Pro Wash	159.04	159.04	239	320.47	159.04	11-14 2931
5	5 Ruby Tuesdays		666.40 x 2 =		1332.80	1332.80	11-21 1484300
6	6 Alltel Mobility	-0-	33.60		33.60	33.60	11-14 1704191
7	7 Dutch Square	-0-	3953.60		3953.60	3953.60	11-14 5298
8	8 Dutch Plaza	-0-	1179.20		1179.20	1179.20	11-21 0007081
9	9 Dutch Center	-0-	418.80		418.80	418.80	11-14 2474
10	10 BB+T	-0-	18.00		18.00	18.00	11-14 31194868
11	11 GB Shoes	-0-	18.00		18.00	18.00	11-14 002273
12	12 Monterrey Mex Rest	-0-	448.00		448.00	448.00	11-7 5479
13	13 KMart	-0-	470.40		470.40	470.40	11-7 17971
14	14 Mc Car's	-0-	112.00		112.00	112.00	11-7 763
15	15 Intersection Ctr	-0-	940.59		940.59	940.59	11-7 15759
16	16 H. Rubin Vision	-0-	22.40		22.40	22.40	11-7 054104
17	17 Hardees	-0-	252.00		252.00	252.00	11-14 773256
18	18 Western Inn + Suites	5564.01	397.46	✓ 8346	6044.93		
19	19 Fraiser Tire Service	-0-	69.95		69.95		
20	20 Ft. Jackson Credit Union	-0-	18.00		18.00	18.00	11-14 049740
21	21 Wachovia	-0-	18.00		18.00	18.00	11-7 0327208
22	22 American Tire + Ser. (Firestone)	-0-	97.93		97.93	97.93	11-14 40300470
23	23 Zion + Co. (1140 Briargate Cr)	-0-	18.00		18.00	18.00	11-7 1875
24	24 Amcol	70.00	70.00	105	141.05	70.00	11-21 24355
25	25 Blockbuster Video	-0-	18.00		18.00	18.00	11-14 774777
26	26 Sherwin Williams (Store #252)	-0-	18.00		18.00	18.00	11-14 774777
27	27 St. Andrews E. Church	<18.00>	18.00		-0-	18.00	11-14 5131
28	28 Village Assoc.	1173.22	129.20	1760	1320.02		
29	29 Dutch Cleaners	CLOSED					
30	30 Simply Wood Creations		42.00		42.00		
31	31 Franks Car Wash	-0-	568.00		568.00	568.00	11-14 6526
32	32 Wendys	-0-	252.00		252.00	252.00	11-7 055042
33	33 Waffle House	-0-	142.46		142.46	142.46	11-7 00453620
34	34 Cda Urban League	CLOSED					
35	35 US PO (Dutch Fork Br.)	-0-	49.00		49.00		
36	36 Tall Finery	-0-	18.00		18.00		
37	37 Taco Bell Corp.	-0-	123.20		123.20	123.20	11-14 021809
38	38 NBSC	-0-	18.00		18.00	18.00	11-7 46808752
39	39 Navin Broome Superstore	-0-	130.76		130.76	130.76	11-7 6843
40	40 Shoney's	-0-	476.00		476.00	476.00	11-21 006593
	41 Ser. Merch	CLOSED					

Dec 2003	Comm Acct	1	2	3	4	5	6
1	DSL on 1st Choice Mort.	-0-	3500		3500	3500	12-12 33365
2	2 AMF Bowling	-0-	7400		7400	7400	12-12 531845
3	3 Briargate Apt	-0-	600096		600096	600096	12-12 87143
4	4 Pro Wash	16143	15904	12-12 242	32289	322.89	12-12 29516
5	5 Ruby Tuesday	-0-	66640		66640	666.40	12-12 0005004
6	6 Alltel Mobility	-0-	3360		3360	33.60	12-12 172741
7	7 Dutch Square	-0-	395360		395360	3953.60	12-12 5369
8	8 Dutch Plaza	-0-	17920		17920	179.20	12-19 0007440
9	9 Dutch Center	-0-	41880		41880	418.80	12-12 2495
10	10 BB+T	-0-	1800		1800	18.00	12-12 31224983
11	11 GB Shoes	-0-	1800		1800	18.00	12-19 002422
12	12 Monterrey Mex Rest	-0-	44800		44800	448.00	12-12 5507
13	13 K Mart	-0-	47040		47040	470.40	12-12 18346
14	14 McCary's	-0-	11200		11200	112.00	12-12 781
15	15 Intersection Ctn	-0-	94059		94059	940.59	12-5 15879
16	16 H. Rubin Vision	-0-	2240		2240	22.40	12-25 050430
17	17 Hardees	-0-	25200		25200	252.00	12-19 814839
18	18 Western Inn + Suites	604493	397146	9067	653306	500	12-19 2001
19	19 Fraser Tire Service	6995	6995	105	14095		
20	20 Ft. Jackson FedCU	-0-	1800		1800	18.00	12-12 050042
21	21 Wachovia	-0-	1800		1800	18.00	12-12 0329110
22	22 American Tire + Ser. (Firestone)	-0-	9793		9793	97.93	12-12 40364180
23	23 Zion + Co (1140 Briarcliff Cr)	-0-	1800		1800	18.00	12-12 1917
24	24 AHCAL	7105	7000	25 105 107	14212	71.05	12-12 34453
25	25 Blockbuster Video	-0-	1800		1800	18.00	12-12 812220
26	26 Sherwin William (Store #252)	-0-	1800		1800	18.00	12-19 814839
27	27 St. Andrews E.C.	<1800>	1800		-0-		
28	28 Village Assoc	132002	12920	1980	146902		
29	29 Dutch Cleaners	CLOSED					
30	30 Simply Wood Creations	4200	4200	63	8463		
31	31 Franks Car Wash	-0-	50800		50800	508.00	12-12 6578
32	32 Wendys	-0-	25200		25200	252.00	12-12 055741
33	33 Waffle House	-0-	14246		14246	142.46	12-5 00459215
34	34 Cola Urban League	CLOSED					
35	35 USPS (Dutch Fork Branch)	4900	4900	73 12-19	9873	98.73	12-19 MO
36	36 Tall Finery	1800	1800	27 12-5	3627	36.27	12-5 16194
37	37 Taco Bell Corp.	-0-	12320		12320		
38	38 NBSC	-0-	1800		1800	18.00	12-5 468098039
39	39 NEVIN Broom Superstore	-0-	13076		13076	130.76	12-12 6950
40	40 Shoney's	-0-	47600		47600	476.00	12-19 006725
	41 Ser. Merch	CLOSED					

**DEVELOPMENT SERVICE, INC.
BONDING REQUIREMENT
FOR THE TEST YEAR ENDING DECEMBER 31, 2003**

**EXHIBIT DMH-5
PAGE 1**

Bond Value Components	Development Services, Inc.			Bush River Utilities	Midlands Utilities, Inc.
	Per Books	As Adjusted	After Proposed Increase	Per Books (3)	Per Application (3)
O & M Expense	\$202,630.00	\$206,828.00	\$257,048.00	\$137,394.00	\$379,360.00
G & A Expense	\$25,141.00	\$27,043.00	\$27,043.00	\$95,676.00	\$166,643.00
Taxes	\$6,126.00	\$5,832.00	\$6,350.00	\$12,480.00	\$29,528.00
Income Tax	\$0.00	\$0.00	\$0.00	\$1,795.00	\$0.00
Debt Service/Interest Expense	\$2,249.00	\$0.00	\$0.00	\$2,259.00	\$2,749.00
Bond Value Requirement	\$236,146.00	\$239,703.00	\$290,441.00	\$249,604.00	\$578,280.00
Current Bond Structure (1)	Liabilities		Net Worth		
	Asset Value	Reported (4)	Reported		
Cash	\$14,000.00	\$0.00	\$14,000.00		
Real Estate (2)	\$150,000.00	\$0.00	\$150,000.00		
Salary	\$70,000.00	\$0.00	\$70,000.00		
Total Surety Pledged to Bond (5)	\$234,000.00	\$0.00	\$234,000.00		

(1) As reported in Financial Statement approved by Commission Staff on 11/04.

(2) Property in name of Mary Parnell. No documented bond usage agreement in bonding file.

(3) Audit not complete by ORS.

(4) Company did not report any liabilities on Financial Statement.

(5) Same assets pledged as surety for Development Services, Bush River and Midlands.

EXHIBIT DMH-6**PAGE 1 OF 2****103-512.3. Performance Bond.**

Prior to operating, maintaining, acquiring, expanding or improving any utility system, for which Commission approval is required, the utility shall have on file with the Commission a performance bond with sufficient surety using a format prescribed by the Commission.

103-512.3.1. Amount of Bond.

The amount of bond shall be based on, but not limited to, the total amount of the following categories of expenses for twelve months: Operation and Maintenance Expenses, General and Administrative Expenses, Taxes Other Than Income Taxes, Income Taxes, and Debt Service including Interest Expenses. The minimum amount of the bond shall be \$100,000 and the maximum amount of the bond shall be \$350,000. A bond shall be required for each water and wastewater provider under the jurisdiction of the Public Service Commission. A certification that the face amount of the bond on file with the Commission complies with the provisions of 103-512.3.1 of this rule shall be filed with the annual report required by 103-512.1 of this rule. The Staff shall review the annual reports and certifications and determine whether the present bond of the utility accurately reflects the expenses of the utility. Based upon the expenses of the utility as submitted in the annual report and as reviewed and adjusted by Staff, the Staff shall make recommendations for increasing or reducing the amount of the bond within the minimum and maximum limits as prescribed by statute.

103-512.3.2. Sureties.

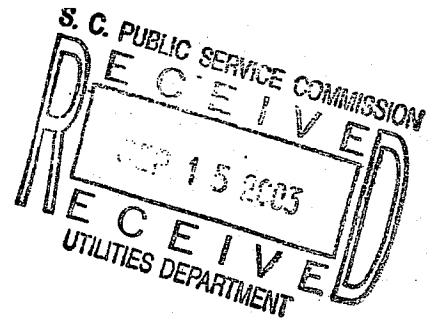
Sufficient surety may be any duly licensed bonding or insurance company authorized to do business in this State. A corporate surety, other than such a bonding or insurance company, shall not be considered sufficient surety. Sufficient surety may be any individual, as stockholder, partner, sole owner, etc., in the utility, so long as the individual surety's net worth is at least twice the face amount of the performance bond.

103-512.3.3. Financial Statement.

When any individual acts as surety, he shall file with the Commission annually a financial statement verified by said surety showing the individual surety's personal assets, liabilities, and net worth. The Commission may accept a verification of the financial statement in a format prescribed by the Commission.

SECTION 58-5-720. Filing of bond of certificates of deposit prior to approval by Commission of construction or other work on water or sewer system; forfeiture.

The commission shall, before the granting of authority or consent to any water or sewer utility regulated by the commission, for the construction, operation, maintenance, acquisition, expansion, or improvement of any facility or system, prescribe as a condition to the consent or approval that the utility shall file with the commission a bond with sufficient surety, as approved by the commission, in an amount not less than one hundred thousand dollars and not more than three hundred fifty thousand dollars payable to the commission and conditioned upon the provision by the utility of adequate and sufficient service within its service area or deliver to the commission certificates of deposit, with endorsements as required by the commission, of federal or state chartered banks or savings and loan associations who maintain an office in this State and whose accounts are insured by either the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation. The certificates of deposit shall not exceed the amount covered by insurance. The commission has the right, upon notice and hearing, to declare all or any part of the bond or certificate of deposit forfeited upon a determination by the commission that the utility failed to provide service without just cause or excuse and that this failure has continued for an unreasonable length of time. A further condition of the bond or certificate of deposit shall be the provision for payment to the commission of any fine or penalty imposed or assessed by the commission against the utility under the provisions of Section 58-5-710.



PERFORMANCE BOND
FINANCIAL STATEMENT
(SEWER UTILITIES)

KNOW ALL MEN BY THESE PRESENTS, that Development Service, Inc.,
being duly qualified to do business in the State of South Carolina, designated as "principal", and that
Keith G. Parnell, designated as "surety"/"sureties" is/are held and firmly
bound unto the Public Service Commission of South Carolina, designated as "obligee", in the penal
sum of \$ 10,000.00, for the payment of which well and truly to be made, the principal binds
itself, its successors and assigns, and the surety/sureties bind themselves, their personal representatives,
and their assigns, jointly and severally, firmly by these presents.

WHEREAS, in accordance with the provisions of S.C. Code Ann., §58-5-720 (1976, as
amended), which requires the principal to furnish a bond with sufficient surety, to the satisfaction of
the obligee, conditioned as provided in said §58-5-720, and

WHEREAS, the obligee has granted the principal a Certificate of Public Convenience and
Necessity and approved a schedule of rates for sewer service in areas shown on operating maps filed
with the obligee, and

WHEREAS, this bond, when approved by the obligee, conditioned as in said §58-5-720, is to
cover any and all liability which may arise as a result of the principal failing to provide adequate and
sufficient service within its service area as prescribed in §58-5-720, and

FINANCIAL STATEMENT
Sewer Utilities
Page 2

WHEREAS, the obligee, upon notice and hearing, shall have the right to declare all or any part of the bond forfeited upon a determination by the obligee that the principal shall have willfully failed to provide such service as prescribed above, without just cause or excuse, and that such failure has continued for an unreasonable length of time, and

WHEREAS, the liability under the terms of this bond is hereby extended so as to include any fines or penalties imposed or assessed by the obligee against the principal under the provisions of S.C. Code Ann. §58-5-710 (1976 as amended), and

WHEREAS, in the event that any judicial action or proceedings are initiated with respect to this bond, the parties hereby agree that the venue thereof shall be Richland County, State of South Carolina, and

WHEREAS, the surety/sureties, as stockholders of the principal, undertake this obligation for and in consideration of the principal being able to continue to operate a sewer utility providing service to the public for compensation under the jurisdiction of the obligee, and

WHEREAS, the surety/sureties shall file with this bond a Financial Statement showing personal assets, liabilities, and net worth; and shall file annually with the obligee a revised Financial Statement as long as the bond continues in effect, and

WHEREAS, this bond shall become effective on the date executed by the principal and surety/sureties, and shall continue from year to year unless the obligations of the principal and surety/sureties under this bond are expressly released by the obligee in writing, and

FINANCIAL STATEMENT
Sewer Utilities
Page 3

WHEREAS, the obligee upon notice and opportunity to the principal and surety/sureties to be heard, may order that the face amount of this bond to be changed within the limits set forth in S.C. Code Ann., §58-5-720 (1976 as amended).

NOW THEREFORE, in testimony whereof, said principal has hereunto subscribed its name and said principal has caused this instrument to be signed by its duly authorized officers, and its corporate seal to hereunto affixed this 12th day of September, 2003; and that said surety/sureties have caused this instrument to be signed this 12th day of September, 2003.

SURETY/SURETIES:

Keith G. Parnell
Signature

Development Service, Inc.
Company

Keith G. Parnell
By

President
Title

IN THE PRESENCE OF

Louellen Decell
Witness #1

Walker Harrison
Witness #2

IN THE PRESENCE OF

Signature

Witness #1

Witness #2

ACKNOWLEDGEMENT OF SURETY

STATE OF: South Carolina

COUNTY OF: Lexington

On September 12th, 2003, before me personally came _____
Keith G. Parnell of Development Service, Inc.,

to me known and known to me to be the individual described in and who executed the
forgoing instrument, and acknowledged to me that they executed the same.

SWORN to before me this

12th day of September, 2003

Notary Public for South Carolina

David B. Oliver

My Commission Expires: 11-14-2010

ACKNOWLEDGMENT OF PRINCIPAL

STATE OF SOUTH CAROLINA

COUNTY OF Lexington

On September 12th, 2003, before me personally came _____
Keith G. Parnell to me known, and who being by me duly sworn,
did depose and state: that he is the President of Development
Service, Inc., the Corporation which executed the foregoing
instrument: that he knows the seal of said Corporation, that the seal affixed to the
said instrument is such corporate seal; that it was so affixed by the order of the
Board of Directors of said Corporation, and that he signed his name to said
instrument by like order.

SWORN TO BEFORE ME THIS

12th day of September, 2003

Paul B. Oliver
Notary Public for South Carolina

My Commission Expires: 11-14-2010

(Affix seal if not South Carolina notary Public)

VERIFICATION OF FINANCIAL STATEMENT

PERSONALLY appeared before me KEITH G. PARWELL,
known to me to be the individual described in and who executed the foregoing Financial
Statement, and acknowledged to me that (s)he executed the same; that KEITH G. .
PARWELL, being duly sworn, deposes and states, that (s)he has read the
contents of the foregoing Financial Statement and that contents thereof are true of his/her
own knowledge.

SWORN to before me this

10 Day of November, 2004

Hail B. Oliver

Notary Public for South Carolina

My Commission Expires: 11-14-2010

DISI

PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

FINANCIAL STATEMENT

DO NOT INCLUDE PERSONAL PROPERTY, FURNITURE,
FIXTURES, JEWELRY OR FAMILY USED AUTOMOBILESFrom KEITH G. PARWELL

Section 1 - Individual Information (Type or Print)

Section 2 - Spouse Information (Type or Print)

Name <u>KEITH G. PARWELL</u>	Name
Home Address <u>257 LIVINGSTON ROAD, GASTON SC</u>	Home Address
Position or Occupation <u>PRESIDENT</u>	Position or Occupation
Business Name <u>MIDLANDS UTILITY BUSH RICE UT. DSI</u>	Business Name
Business Address <u>816 E. MAIN STREET, LEX. SC.</u>	Business Address
No. of Dependents <u>1</u>	

Section 3 - Statement of Financial Condition as of November 1 2004

Assets (Do not include assets of doubtful value)	In Dollars (Omit Cents)	Liabilities	In Dollars (Omit Cents)
Cash: in Bank	\$	Notes Payable: to banks	\$
on hand and in other banks		to others from Schedule F	
savings accounts in banks and savings & loans	<u>14,000</u>		
Securities: listed & OTC from Schedule A		Mortgage Debt: from Schedule D	
unlisted from Schedule B			
held by broker's in margin accounts		Other Debts: due to brokers	
restricted or controlled stock		accounts & bills due	
Real Estate: partial interest in real estate from Schedule C	<u>150,000</u>	unpaid taxes	
real estate owned from Schedule D		other debts - itemize	
Other Assets: loans receivable (details below if significant)			
autos & personal property			
cash (not face) value life insurance - Schedule E			
other assets - itemize			
		Total liabilities	
		Net worth (total assets minus total liabilities)	
Total Assets	<u>164,000</u>	Total liabilities and net worth	\$

Sources of Income for Year Ended : 12/31/03

Personal Information

Salary	\$ <u>70,000</u>	Are you a partner or officer in any other venture? If so, please describe.
Bonuses & Commissions		<u>Bush Rice Utility Midlands Utility, DSI</u>
Dividend & Interest		Are you obligated to pay alimony, child support, or separate maintenance payments? If so, please describe.
Real Estate Income		<u>NO</u>
Other Income (alimony, child support, or separate maintenance income need not be revealed unless you want bank to consider it)		Are any assets pledged other than as described on schedules: If so, please describe.
		<u>NO</u>
Total	\$	Income tax settled through (date) <u>12/31/03</u>
Contingent Liabilities		Are you a defendant in any suits or legal actions? If so, Please describe
Do you endorse, co-make or guarantee any loans or have any other contingent obligations? If so, list below		<u>NO</u>
Endorser, co-maker or guarantor	\$	Personal bank accounts are carried at:
Leases or contracts		<u>BB & T</u>
Legal claims		Have you ever been declared bankrupt? If so, please describe
Other special debt	<u>70,000</u>	<u>NO</u>

Schedule A - Listed & Over the Counter Securities

Number of Shares or Face Value of Bond	Description	In Name of	To Whom Pledged	Market Value	
				Per Share	Total

Schedule C – Partial Interest in Real Estate Equities

Schedule D – Real Estate Owned

Schedule E – Life Insurance Carried Including Any Group Insurance

Schedule F – Notes Payable to Others & Financial Institutions Where Credit has been Obtained

STATE OF D. C.
COUNTY OF Lexington
Keith G. Parnell being duly sworn, deposes and says that the foregoing financial statement, taken from his books, is a true and accurate statement of his financial condition as of the date thereof and that the answers to the foregoing interrogatories are true.

Paul G. Parnell

(Applicant must sign here)

Date Signed 4/10/07 Soc. Sec. No. 250 11 3473

(Applicant must sign here)

Date Signed _____ Soc. Sec. No. _____

DEVELOPMENT SERVICE, INC.
EFFECT OF PROPOSED RATES ON MONTHLY CUSTOMER BILL
FOR THE TEST YEAR ENDED DECEMBER 31, 2003

EXHIBIT DMH-8
PAGE 1 OF 2

Establishment Type	Measurement Unit	Present Bill	Proposed Bill (Phase I)	Amount of Increase	Percent Increase
Single Family		\$18.00	\$23.06	\$5.06	28.11%
Apartments	Per Unit	\$17.10	\$21.91	\$4.81	28.13%
Monthly Minimum Charge		\$18.00	\$23.06	\$5.06	28.11%
Car Washes	Per Car	\$2.84	\$3.64	\$0.80	28.17%
Churches		\$18.00	\$23.06	\$5.06	28.11%
Factories	Each Employee (no showers)	\$0.84	\$1.08	\$0.24	28.57%
Factories	Each Employee (with showers)	\$1.11	\$1.42	\$0.31	27.93%
Factories	Each Employee (with kitchen)	\$1.39	\$1.78	\$0.39	28.06%
Food Services Operations	Ordinary Restaurant (not 24 hrs.) Per Seat	\$2.80	\$3.59	\$0.79	28.21%
Food Services Operations	24 Hour Restaurant (per seat)	\$4.19	\$5.37	\$1.18	28.16%
Food Services Operations	Curb Service (drive-in) Per car space	\$2.80	\$3.59	\$0.79	28.21%
Food Services Operations	Fast-Food Restaurant (per car space)	\$2.80	\$3.59	\$0.79	28.21%
Food Services Operations	Vending Machine Restaurant	\$1.67	\$2.14	\$0.47	28.14%
Institutions	Per Resident	\$2.38	\$3.05	\$0.67	28.15%
Laundries	Self Service (per machine)	\$9.52	\$12.20	\$2.68	28.15%
Mobile Homes	Per Person	\$2.38	\$3.05	\$0.67	28.15%
Motels	Per Unit (no restaurant)	\$2.38	\$3.05	\$0.67	28.15%
Nursing Homes	Per Bed (no laundry)	\$2.38	\$3.05	\$0.67	28.15%
Nursing Homes	Per Bed (with laundry)	\$2.80	\$3.59	\$0.79	28.21%
Offices	Per Person (no restaurant)	\$0.70	\$0.90	\$0.20	28.57%
Picnic Parks	Average Attendance	\$0.84	\$1.08	\$0.24	28.57%
Rest Homes	Per Bed (no laundry)	\$2.38	\$3.05	\$0.67	28.15%
Rest Homes	Per Bed (with laundry)	\$2.80	\$3.59	\$0.79	28.21%
Schools	Per Person (no showers, gym, cafeteria)	\$0.56	\$0.72	\$0.16	28.57%
Schools	Per Person (with cafeteria, no gym or showers)	\$0.70	\$0.90	\$0.20	28.57%
Schools	Per Person (with cafeteria, gym, showers)	\$0.84	\$1.08	\$0.24	28.57%
Service Stations	Without Bay	\$19.66	\$25.19	\$5.53	28.13%
Service Stations	First Bay (per bay)	\$27.98	\$35.85	\$7.87	28.13%
Service Stations	Each Additional Bay (per bay)	\$13.99	\$17.92	\$3.93	28.09%

DEVELOPMENT SERVICE, INC.
EFFECT OF PROPOSED RATES ON MONTHLY CUSTOMER BILL
FOR THE TEST YEAR ENDED DECEMBER 31, 2003

EXHIBIT DMH-8
PAGE 1 OF 2

Establishment Type	Measurement Unit	Present Bill	Proposed Bill (Phase I)	Amount of Increase	Percent Increase
Service Stations	Per 1,000 Square Ft. Space	\$5.60	\$7.17	\$1.57	28.04%
Swimming Pools	Per Person (with sanitary facilities & showers)	\$0.56	\$0.72	\$0.16	28.57%
Theaters	Drive-in – Stall	\$0.30	\$0.38	\$0.08	26.67%
Theaters	Indoor – Seat	\$0.30	\$0.38	\$0.08	26.67%

**DEVELOPMENT SERVICE, INC.
ALTERNATE REVENUE REQUIREMENTS
FOR TEST YEAR ENDING DECEMBER 31, 2003**

**EXHIBIT DMH-9
PAGE 1 OF 1**

Revenue Alternates	System Type	Revenue Required After Increase	System Single Family Units (SFE)	SFE Monthly Charge
Operating Margin @ 0.00%	Sewer	\$254,866.00	1178	\$18.03
Operating Margin @ 5.00%	Sewer	\$277,755.00	1178	\$19.65
Operating Margin @ 10.00%	Sewer	\$297,730.00	1178	\$21.06
Operating Margin @ 14.92%	Sewer	\$321,596.00	1178	\$22.75
Operating Margin @ 20.00%	Sewer	\$356,680.00	1178	\$25.23